



Department of Justice

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MANHATTAN EXECUTIVE CHARGED WITH TAX EVASION IN KICKBACK SCHEME

WASHINGTON -- A former vice president of a Manhattan firm was charged today with income tax evasion, announced the Department of Justice's Antitrust Division and the United States Attorney's Office for the Southern District of New York.

The Information, filed in U.S. District Court in Manhattan, charges Bruce Schwartz, the former vice president of marketing at Austin Nichols & Co. Inc., with income tax evasion for the years 1993 through 1996. During that time, Schwartz failed to declare kickbacks he received from a supplier of advertising and display materials to Austin Nichols. Schwartz received kickbacks totaling approximately \$200,000 from the supplier in the form of payments for personal expenses, including vacations, furniture, and the maintenance, repair and improvement of his home.

"The actions of Schwartz denied Austin Nichols the benefits of competition," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "Not only was Austin Nichols victimized by this conspiracy, but honest, competitive suppliers of advertising and display materials were prevented from selling to Austin Nichols."

Austin Nichols is best known for marketing Wild Turkey bourbon and Yoo-Hoo chocolate drink. It is an American subsidiary of Groupe Pernod Ricard, a multinational corporation headquartered in France.

To date, 17 individuals and 9 corporations have pleaded guilty to various federal charges as a result of the Department's ongoing antitrust investigation of bid rigging, commercial bribery, and tax-related offenses in the advertising and display materials industry.

Earlier prosecutions have involved employees or suppliers of: Philip Morris Inc. of New York City; Heublein Inc. of Farmington, Connecticut; Hiram Walker & Sons Inc. of Southfield, Michigan; Warner-Lambert Co. of Morris Plains, New Jersey; Lorillard Tobacco Co. Inc. of New York City; and Domecq Importers Inc. of Old Greenwich, Connecticut.

The prosecution of Schwartz arose out of a joint investigation between the Antitrust Division's New York Field Office and the United States Attorney's Office for the Southern District of New York, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division. The investigation, which developed as a result of evidence uncovered during the Antitrust Division's prosecutions in the point-of-purchase advertising display industry, is continuing.

Schwartz faces a maximum sentence of five years in prison and a fine of the greatest of \$250,000, twice the gross pecuniary gain from the offense, or twice the gross pecuniary loss caused to the United States.

Anyone with information concerning bid rigging, bribery, or fraud in the advertising and display materials industry should contact the New York Division of the FBI at (212) 384-1000.

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